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SUBJECT: SPANISH REGIONAL ELECTIONS UNLIKELY TO RADICALLY
ALTER POLITICAL MAP

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11. (SBU) SUMMARY. Spanish voters head to the polls on May 27 to elect governments in most of Spain's 17 autonomous communities and in all of its city and town councils, in the first important electoral battle between the Spanish Socialist Workers Party (PSOE) and the Popular Party (PP) since the national elections of March 14, 2004. Those elections took place three days after the Madrid train bombings and gave the PSOE of President Jose Luis Rodriguez Zapatero a surprise victory over Mariano Rajoy, the PP successor to former President Jose Maria Aznar. Spanish polling over the past few months has been ambiguous and indicates that the results will likely be a draw for both the PSOE and PP, providing both with some momentum going into national elections that will be held by March 2008. The polls suggest that the Socialists could gain enough votes to lead coalition governments in two current PP-controlled regions, and the PP is expected to increase its support in its traditional regional strongholds. However, any combination of Socialist victories in key regions would give Zapatero a good base of support going into national elections. Despite the high-profile national issues that dominate Spanish headlines, this electoral campaign has been fought over local issues and interests. It will be difficult to extrapolate the outcome of the regional and local elections, whatever it may be, to predict how the PSOE and PP will fare nationally. The Spanish political scene is highly volatile, and both parties fear some "wildcard" issue could come to the fore suddenly * such as renewed ETA violence or an Islamic terrorist attack * that could swiftly change current projections of the elections outcome. END SUMMARY.

12. (SBU) Spanish voters will head to the polls on May 27 to elect the governments of 13 of Spain's 17 autonomous communities (all but Andalusia, Catalonia, Galicia, and the Basque Region) and more than 8,000 city and town councils, in the first important electoral battle between the Spanish Socialist Workers Party (PSOE) and the Popular Party (PP) since the national elections of March 14, 2004. Those elections took place three days after the Madrid train bombings and gave the PSOE of President Jose Luis Rodriguez Zapatero a surprise victory over Mariano Rajoy, the PP successor to former President Jose Maria Aznar. Some Spanish pundits have posited that the local elections may be a good barometer of the prospects for President Zapatero to win a second term in national elections that will take place by March 2008. Spanish polling over the past few months has been ambiguous and indicates that the results will likely be a draw for both the PSOE and PP, providing both with some momentum going into national elections. The polls suggest that the Socialists could gain enough votes to lead coalition

governments in two current PP-controlled regions, and the PP is expected to increase its support in its traditional regional strongholds. However, any combination of Socialist victories in key regions would give Zapatero a good base of support going into national elections.

¶3. (SBU) Despite the high-profile national issues that dominate Spanish headlines (such as the Zapatero government's controversial policy of negotiations with the terrorist group ETA, the decision to remand convicted ETA assassin De Juana Chaos from prison to a hospital for treatment to recover from a self-inflicted hunger strike, and the continued heated debate over the former Aznar government's support of the Iraq war and Zapatero's decision to withdraw Spanish troops), this electoral campaign has been fought over local issues and interests, and the personality and charisma of each candidate appear to carry more weight than the affiliated party's stand on national issues. On the national level, Rajoy's PP has adopted a reflexive, hard-lined opposition to the Socialist government on almost every issue that appears to have energized its base, but it has failed to move the party's polling upward. Rajoy has urged voters to support his party in order to "defend freedom and defeat ETA." Even in PP strongholds, Zapatero polls better than Rajoy in terms of popularity. The PP goes into the May 27 elections secure in most of its traditional bases of support but vulnerable in two key regions, Navarra and the Balearic islands.

¶4. (SBU) After studying the polls and analyzing the electoral map, the Embassy and CG Barcelona determined that Navarra, the Canary Islands, the Balearic Islands, and Valencia will be the key "battleground" regions with the potential to shift the balance of power. We discovered in visits to some of these key regions and meetings with local officials of all political stripes that coalition-building with smaller political parties may be the deciding factor in some important races, and that national politics had not played much of a role in the campaign. A wildcard in these

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regional/local elections*and for the early 2008 national elections*is the possibility of renewed ETA violence or another Islamic extremist terrorist attack. Either scenario could dramatically change the political dynamic, though in still unpredictable ways which we cannot necessarily assume will favor any particular party.

//SNAPSHOTS OF POTENTIALLY KEY REGIONS//

¶5. (SBU) Although sea changes are not expected, the following regions could have the potential to give either the PSOE or PP momentum heading into national elections:

¶A. Navarra - The northern region of Navarra has been the most closely watched community of this campaign due to its proximity to the Basque region and ETA's claim that Navarra forms part of the historic Basque region. Navarra is currently ruled by the Union del Pueblo Navarro (UPN), the PP's signature ally in the region, but recent polls indicate that the UPN will not win an absolute majority, not even with the help of smaller party CDN, as it has done in the past. Navarra would then change hands if the PSOE and a grouping of left-wing and nationalist parties (including some with ties to ETA's political wing Batasuna) were to successfully join forces. A PSOE-led coalition victory would be seen as a significant PP setback both in the region and nationally, but also a card the PP could play against PSOE in the national election campaign.

¶B. The Canary Islands - Neither the PP nor the PSOE have ever obtained an absolute majority in the Canaries, and a party known as the Canaries Coalition (CC) has been the most voted party in the past two regional elections. The CC has never had a problem with switching allegiances. It formed a government with the PP in 1999, then joined forces with the PSOE in 2003. Both main parties covet an absolute majority

to deny the CC the role of kingmaker, but the most reliable polling indicates that CC will again make the difference. The PSOE has called in a heavy hitter in an attempt to wrest control from the CC. Former Minister of Justice Juan Fernando Lopez Aguilar (who is generally friendly towards the USG) heads the PSOE ticket, but it appears unlikely that the national politician who is a native of the Canaries will put PSOE over the top with a majority. Voters in Canaries have expressed displeasure with the recent years of CC governance, and polls indicate that the PSOE may gain some seats at the CC's expense, with the PP holding steady. The CC will likely still play the kingmaker, deciding whether to pact with the PP or the PSOE to govern. Although unlikely, a surprise outright win by either major party would greatly boost its national election prospects. Immigration is the signature issue in this region, and a decisive vote could impact the national debate in advance of national elections.

1C. The Balearic Islands - This region has voted the PP into power for almost all of its twenty years as an autonomous region, save the period from 1999-2003 when the PSOE ran the government by forming a pact with several smaller parties. Current Balears President Jaume Matas of the PP (a close confidant of Rajoy and former Environment Minister in the Aznar Government) has lost significant electoral support in recent months as allegations of urban corruption and some city governments receiving kickbacks have tainted his campaign. Recent polls indicate his party should again win the election by a small margin - Matas remains widely popular mainly for his close contacts in Madrid and the bounty that has brought the island - but will fall short of an absolute majority by 3-4 seats. The PP would be forced to try and pact with a small nationalist group known as the Unio Mallorquina (UM), but it is unclear if the UM will even win enough seats to put a new PP government over the top. The UM may actually choose instead to support some leftist groups as the party has done in the past. Some Spanish political observers suggest that if the PSOE affiliate in the Balearics increases its number of seats by just 2-3, they would be able to again form a pact with the Bloc per Mallorca (a group of left-leaning parties) and once again rule the region. If this happens, and it is still a long shot, it would be a huge momentum boost to the PSOE and Zapatero.

1D. Valencia - After several years of a Socialist government in the late 80s and early 90s, Valencia since 1996 has been a PP stronghold. Current regional governor Francisco Camps remains a highly popular leader and a potential future national leader of the Popular Party. Most polls show he should comfortably win an absolute majority; however, one small poll indicating he might not gain the majority has the PP worried enough to motivate their base to get out to vote.

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The poll, which Camps' campaign manager says turned out to be false, nonetheless has also served to help motivate PSOE voters, though the Socialist party in Valencia believes that it has a strong chance of winning only if it can achieve a 70-percent turnout of PSOE voters. This high percentage is unlikely unless some major event occurs that brings voters out to the polls. Valencia Mayor Rita Barbera (PP) also has maintained her popularity and both parties expect her to win.

While regional and local issues dominate in Valencia, there is strong concern about Zapatero's ETA policy, particularly after the release of ETA terrorist De Juana Chaos, and over perceived PSOE policies that threaten to undermine Spanish unity. A large PP victory in Valencia will carry Camps into a strong position to lead the PP in the future, particularly if current PP national leader Rajoy cannot carry enough votes in the next round of national elections.

1E. Catalonia - This region held state-wide elections last November, which resulted in a Socialist-led regional coalition government, and will hold only municipal elections this time around. The key race is for mayor of Barcelona. There are almost no surprises expected here, as the

Socialists are expected to sweep. In Barcelona, Catalan Socialist Party (PSC) mayor Jordi Hereu is expected to confirm his mandate, retain his seat, and possibly even add to his support on the city council. Going into the election with poll numbers topping 59 percent of support, he would need to stumble badly for the other parties to make any headway. If the polls hold true in other major cities such as Girona, Tarragona, and Lleida, the Socialist party stands to gain greater control of the region than it has ever had. It would control all four provincial capitals and significantly increase its presence on the major city councils.

//BEYOND MAY 27//

16. (SBU) It will be difficult to extrapolate the outcome of the regional and local elections, whatever it may be, to predict how the PSOE and PP will fare in the next round of national elections, since only 13 out of the 17 Spanish Autonomous regions will cast their vote on May 27, and overriding national issues played only a tangential role in this campaign. However, the numerous municipal elections carried out in every Spanish city and town hall may provide a glimpse of the main issues on the minds of the Spanish. Although an unlikely scenario, if the PP were to lose the regional election in Madrid, a major PP stronghold along with Valencia, Mariano Rajoy may see his leadership openly questioned by his own party. A stunning defeat in Madrid would open the door for a PP leadership make over, and other would-be leaders would likely challenge his leadership. At this point, neither scenario seems likely, but the Spanish political scene is highly volatile, and both parties fear some "wildcard" issue could come to the fore suddenly * such as an ETA or Islamic terrorist attack * that could swiftly change current projections of the elections outcome.

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